

FISCAL NOTE

SB 3244 – HB 3648

February 22, 2008

SUMMARY OF BILL: Allows for errors in appraised value to be corrected if the taxpayer proves such error to the State Board of Equalization, provided the appraised value of the property is more than 133 percent of its fair market value. Extends the time available for appeal by 18 months. The Board is authorized to collect a late penalty of 10 percent if the appeal succeeds. Under current law taxpayers must first appeal to their county board of equalization.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$10,700

Increase State Expenditures - \$107,200

Decrease Local Revenue - \$2,500,000

Assumptions:

- At least one administrative judge would be needed to process additional appeals from allowing taxpayers to appeal directly to the State Board of Equalization. Salary would be \$80,000 with benefits of 34 percent, for a total compensation of \$107,200. Approximately 10 percent (\$10,720) of this cost will be recovered from fees collected pursuant to Tenn. Code Ann. § 67-5-1501(d). The net increase in state expenditures will be \$96,480 (\$107,200 - \$10,720 = \$96,480).
- According to the Comptroller, loss of local government revenue associated with appeals will be about 10 percent and is estimated at \$4,000,000 (\$4,000,000,000 local government property tax revenue x 0.1% = \$4,000,000). The late penalty will restore about 1/3 of this loss, because only taxpayers who were assessed at a rate above 133 percent of the fair market value may appeal to the State Board of Equalization. Local government revenue will decrease approximately \$2,500,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

/kmc